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Message Text

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21
ACTION EA-14

INFO OCT-01 ISO-00 TRSE-00 OMB-01 AID-20 IGA-02 EB-11

COME-00 CIAE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07

PA-04 RSC-01 PRS-01 SP-03 SS-20 USIA-15 DRC-01 /124 W
---------- 070609
R 260446Z APR 74
FM AMEMBASSY PHNOM PENH
TO SECSTATE WASHDC 5893
SECDEF WASHDC
CJCS WASHDC
CINCPAC HONOLULU HI

S E C R E T PHNOM PENH 5896

FROM AMBASSADOR
SECDEF FOR ASD:ISA (SA/DSAA)

E.O. 11652: GDS
TAGS: MASS, CB
SUBJ: PRESIDENTIAL DETERMINATION FOR ADDITIONAL $50 MILLION
DRAWDOWN AUTHORITY

REF: SECDEF 8529/222155Z APR 74

1. I AM DEEPLY CONCERNED ABOUT THE POSSIBILITY THAT THE $50 MILLION IN ADDITINAL DRAWDOWN AUTHORITY NOW AWAITING THE PRESIDENT'S APPROVAL MAY NOT BE FORTHCOMING (REFTEL). FAILURE TO GRANT THESE FUNDS THIS FISCAL YEAR WOULD SERIOUSLY JEOPARDIZE THE KHMER WAR EFFORT BECAUSE IT WOULD DEPRIVE THE KHMER OF THE AMMUNITION REQUIRED TO MAKE USE OF THE WEAPONRY WE HAVE PROVIDED THEM. FOLLOWING ARE THE FACTS:

A. AS YOU ARE AWARE, WE HAVE MADE AN ALL OUT EFFORT TO CUT AMMUNITION EXPENDITURES TO THE MINIMUM. THE OVERALL TONNAGE OF AMMUNITION USED DECREASED MORE THAN 20 PERCENT IN MARCH AND APRIL PARTLY BECAUSE OF IMPROVEMENTS IN FANK FIRE DISCIPLINE AND CONTROL. BRIGADIER GENERAL PALMER AND I HAVE BEEN CONSTANTLY EMPHA-
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SIZING TO THE HIGHEST LEVEL OF THE GKR THE NEED FOR AMMUNITION

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ECONOMY THROUGH INCREASED CONTROL.

B. NEVERTHELESS THE COST OF THE AMMUNITION USED PER DAY HAS CONTINUED TO RISE (80 PERCENT OF THE MAP FUNDS AVAILABLE THIS YEAR ARE SPENT ON AMMUNITION). THIS APPARENT ANOMALY IS DUE TO TWO FACTORS:

(I) THE SUBSTANTIAL INCREASE IN THE PRICE OF MUNITIONS. FOR EXAMPLE, SINCE LAST JULY THE COST OF SMALL ARMS AMMUNITION HAS RISEN APPROXIMATELY 33 PERCENT; THAT OF 40MM GRENADES 118 PERCENT; 60 MM MORTAR AMMUNITION 98 PERCENT; 81MM MORTAR AMMUNITION 75 PERCENT; AND 105MMMM HOWITZER AMMUNITION 45 PERCENT. THESE PARTICULAR PRICE INCREASES ARE ESPECIALLY SIGNIFICANT BECAUSE IT IS FOR THESE FEW ITEMS THAT 70-80 PERCENT OF THE MONEY SPENT ON AMMUNITION GOES.

(II) A FUNDAMENTAL CHANGE IN THE CHARACTER OF THE AMMUNITION CONSUMED. AS THE ENEMY BRINGS PRESSURE TO BEAR ON PROVINCIAL CAPITALS AND OTHER ISOLATED ENCLAVES- WHILE AT THE SAME TIME LESSENING THAT APPLIED TO PHNOM PENH - REQUIREMENTS FOR MORTAR AMMUNITION, 40MM GRENADES AND OTHER SUCH HIGH COST/TONNAGE MUNITIONS HAS INCREASED. CONCURRENTLY THE REQUIREMENT FOR 105MM AMMUNITION (A RELATIVELY LOW COST/TONNAGE ITEM) HAS DECREASED - SINCE THE MAJORITY OF HOWITZERS ARE LOCATED IN AND AROUND THE CAPITAL. DATA FOR MARCH AND APRIL SHOWS CONSUMPTION OF 40MM GRENADES UP 70 PERCENT; THAT OF 60MM AND 81MM MORTARS ROSE 47 PER-CENT AND 61 PERCENT RESPECTIVELY; WHILE CONSUMPTION OF 105MM HOWITZER AMMUNITION FELL SOME 34 PERCENT.

2. WITH PROSPECTS OF CONTINUED HEAVY FIGHTING IN THE FUTURE, THIS IS NOT THE TIME TO REDUCE OUR LEVEL OF AMMUNITION SUPPORT. WHAT IS NEEDED IS IMPROVEMENT IN FANK'S PERFORMANCE AND THIS WILL NOT HAPPEN BY REDUCING THE AMOUNT OF AMMUNITION WE MAKE AVAILABLE TO THEM. I FEAR SUCH ACTION WOULD HAVE EXACTLY THE OPPOSITE EFFECT.

3. TWO THINGS SEEM CLEAR TO US: (I) IF WE ARE TO HAVE EVEN A REASONABLE CHANCE OF MEETING OUR OBJECTIVES IN CAMBODIA, THEN MINIMUM RESOURCES MUST BE PROVIDED. (II) THE LEVEL OF OUR MAP ASSISTANCE MUST INCREASE TO OFFSET THE INCREASE IN PRICES CAUSED BY INFLATION.

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4. OUR CURRENT FUNDING POSITION IS AS FOLLOWS:

	ORDER TO DATE ($ MILLIONS)
AMMUNITION	260.7
OTHER MATERIEL AND SERVICES	51.1
TRAINING	5.4

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TOTAL TO DATE	317.2
UNCOMMITTED BALANCE	7.8
TOTAL FY 74 PROGRAM	325.0

5. BASED ON THESE FIGURES WE HAVE MADE THE FOLLOWING PROJECTION AS TO WHEN OUR CURRENT FY 74 FUNDS WILL BE EXHAUSTED. WE HAVE DONE THIS ASSUMING BOTH APPROVAL AND DISAPPROVAL OF THE ADDITIONAL $50 MILLION IN DRAWDOWN AUTHORITY NOW AWAITING PRESIDENTIAL ACTION. OUR PROJECTION ALSO GIVES TWO ALTERNATIVES REGARDING THE TIMING WHEN THE PRICE INCREASES FOR AMMUNITION BECOME EFFECTIVE: RETROACTIVE TO JANUARY 74 (AS CURRENTLY PROPOSED BY DA) AND SECONDLY ONE FOR WHICH THE PRICE INCREASES ARE DETERMINED TO BE IN EFFECT FROM THE FIRST OF APRIL.
6. IF WE TAKE THE CASE WHERE WE DO NOT RECEIVE THE $50 MILLION AND THE PRICE INCREASES ARE DETERMINED TO BE RETROACTIVE TO JANUARY, WE WILL BE OUT OF FUNDS ON 14 MAY. IF THE PRICE INCREASES ARE EFFECTIVE APRIL 1, FUNDS WILL BE EXHAUSTED ON JUNE 1.

7. SHOULD THE PRESIDENT APPROVE THE $50 MILLION AND PRICE INCREASES ARE RETROACTIVE TO JANUARY 1, WE ESTIMATE THAT FUNDS WILL BE EXHAUSTED BY JUNE 18; WHEREAS IF THE PRICE INCREASES ARE NOT RETROACTIVE, WE WILL HAVE FUNDS FOR AMMUNITION UNTIL JULY 6.

8. THE CONCLUSION IN MY OPINION IS OBVIOUS: WE NEED ADDITIONAL FUNDS ABOVE THE $325 MILLION PRESENTLY AVAILABLE. I WOULD THEREFORE SUGGEST THAT EVERY EFFORT BE MADE TO OBTAIN APPROVAL FOR THE $50 MILLION IN ADDITIONAL DRAWDOWN AUTHORITY. I WOULD ALSO SUGGEST THAT THE AMMUNITION PRIC
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